

Campaign Finance Thresholds

Task Force Recommendations – 11/9/2010

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Threshold Increases

Committee Qualification

All recipient committee qualification - \$2,500 (currently \$1,000): This amount is still low enough to capture most state candidates and committees, but high enough to keep some locals who use their personal funds for a few “grass root” type activities such as paying for yard signs, pins, and bumper stickers from having to find a treasurer, fill out and file five separate statements (at a minimum) and be subject to late fines and enforcement penalties. *(In 1999, the Bipartisan Commission recommended increasing this threshold to \$5,000.)*

All Major Donor qualification - \$25,000 (currently \$10,000): Interest has been expressed by other taskforce members to increase this to 50k or higher, or to eliminate major donor filing completely if electronic filing for everyone occurs. The argument given is that these contributions should already be reported on the recipient’s statement and that maybe a higher penalty should be imposed on those recipients who fail to report. In the meantime, we are recommending \$25,000. *(In 1999, the Bipartisan Commission recommended increasing this threshold to \$100,000.)*

All Independent expenditure committee qualification - \$2,500 (currently \$1,000): If this is too high for some local jurisdictions, they could always adopt or amend their campaign ordinance to provide for a lower threshold. Please note - the proposed increase to \$2,500 is just for qualification. We would like to keep the late IE reporting for locals at \$1,000 (see below). *(In 1999, the Bipartisan Commission recommended increasing this threshold to \$5,000.)*

“Late” Reporting

Late independent expenditure reporting – local – no change - \$1,000: While we are trying to be consistent as much as possible for simplification purposes, we feel that raising this to the \$2,500 state threshold will allow for much local activity to go unreported in the days before an election.

Late independent expenditure reporting – state - \$2,500 (currently \$1,000): Based on our tracking of independent expenditures at the state level, we found that more often than not, once an entity made an I.E., that entity continued throughout the election. By raising the threshold a bit, it would decrease the number of “smaller” filings made by an entity.

For example: EconomyPAC made a state IE of \$1,100 six days before the election, another \$1,000 IE supporting the same candidate five days before the election and another of \$1,000

four days before the election. Instead of three separate reports showing this relatively minimal activity, under our proposal, only one would be filed listing all three IEs.

Late contribution reporting – local – no change - \$1,000: While we are trying to be consistent as much as possible for simplification purposes, we feel that raising this to the \$2,500 state threshold will allow for much local activity to go unreported in the days before an election.

Late contribution reporting – state - \$2,500 (currently \$1,000): Based on our tracking of late contributions to state ballot measures, we found that more often than not, once an entity made a late contribution, it would make another. By raising the threshold a bit, it would decrease the number of “smaller” filings made by an entity. However, the majority of late contributions made, as far as we could tell, were in increments of greater than \$2,500 anyway. Another suggestion would be to tie the LCR reporting threshold to the contribution limit. For example - \$2,500 for legislative and statewide (except governor) and \$5,000 for governor.

Itemization Thresholds

All contributions - \$250 (currently \$100): The original Political Reform Act called for itemization of contributions of \$50 or more. In 1978, the threshold changed to \$100. The itemization threshold doubled the first three years but hasn’t increased again over the last 32 years. Local campaign ordinances could always lower this amount.

All expenditures - \$250 (currently \$100): The original Political Reform Act called for itemization of contributions of \$50 or more. In 1978, the threshold changed to \$100. The itemization threshold doubled the first three years but hasn’t increased again over the last 32 years. Local campaign ordinances could always lower this amount.

We believe that increasing both contribution and expenditure thresholds to account for inflation (as other areas of the Act have been) would continue to serve the purposes of the Act without posing any significant public harm in terms of adequate disclosure. *(In 1999, the Bipartisan Commission recommended increasing these thresholds to \$200.)*

All subvendor reporting - \$250 (this includes both credit cards and consultants): Currently, the business of having two different thresholds for reporting subvendor payments (\$100 for credit card payments and \$500 for payments made by consultants) is confusing and doesn’t make much sense. Why should a payment made by a consultant get a higher itemization threshold? We propose making these consistent at the \$250 expenditure threshold. We would also like to see much of the unnecessary subvendor reporting eliminated (such as payments for postage).

All intermediary reporting - \$250 (currently \$100): This would be consistent with the proposed contribution itemization threshold.

Please a note: A few staff members in FPPC’s Enforcement Division commented that they’d rather see the proposed amounts shown above rounded. For instance, instead of \$250 it would be \$200 (or \$300)

and instead of \$2,500 it would be \$2,000 (or \$3,000). It was indicated that dealing with round numbers would be much easier.

State Contribution Limits

CPI Adjustments: In the spirit of simplification, we propose adjusting the state contribution limits every four years instead of the current two-year cycle, starting January 1 following a statewide election. The law requires FPPC to adjust the limits every two years based on the CPI. Because of this method, the limit changes at least once during a statewide election cycle and causes confusion. In addition, adjusting the limit every four years would eliminate the need for the FPPC's Technical Assistance Division to update many of the Division's charts and factsheets so often.

Raising Certain State Contribution Limits: We would like to see the contribution limit higher than it is presently for candidates for statewide office (other than governor). The current limit of \$6,500 has been referred by some as an incumbent protection rate. To quote a member of the regulated community on the issue: "In the primary election it was near impossible to raise more than 1-1.5 million dollars net (after organization and fundraising expenses). That barely buys the candidate any communication. Because of the low contribution limit, the person who starts with the most name recognition and party bosses wins most of the time. Either that, or you have to be a wealthy individual to get in the game." We recommend raising this limit to \$12,500.

Other Provisions

New Bundling Reporting for All Candidates and Officeholders

We propose requiring bundling reporting for all candidates and officeholders when an individual delivers more than five contributions of any amount to a candidate or officeholder at one time. The reporting would mirror the current intermediary reporting.

For example: Martin Long collects six \$99 checks and delivers them to Candidate Short. Because the total amount delivered is \$250 or more, candidate Short reports Martin Long's name, address, occupation and employer with a note indicating "Bundling of contributions of less than \$250" with the total (\$495) in the "Contributions Received This Period" column.

If Long's "bundle" included contributions of \$250 or more, in addition to showing Long's information, the information for those contributors of \$250 or more would also be disclosed.

Labor unions strongly opposed this under Proposition 208; however, under Proposition 208, bundlers were considered contributors. Our proposal is one of reporting only. The recordkeeping regulation will need to be amended to include maintaining records related to bundlers. We would also propose that this information not be reported as a footnote by those who file electronically with Secretary of State's office. Footnotes are not searchable and not readily available to the public. We would propose that this information be electronically reported in the same manner as a regular contribution.

Separate Committees for Political Parties (Including Central Committees)

Currently Regulation 18534 requires separate bank accounts for general purpose committees (including political party committees) that make contributions to state candidates. This rule ensures that contributions are not made from accounts that contain more than the applicable limit (\$32,400 for political parties). We would suggest requiring political party committees and central committees to form a separate committee to go along with the separate bank account. The separate “state” committee would contain only state activity; one would not have to weed through a voluminous statement filled with GOTV or local activity when looking for state activity. This would help shed light on from where the money is coming that is being used for state candidates.